AGN. NO.____

MOTION BY SUPERVISOR KNABE February 16, 2010

For the sake of necessity, I will move to approve the Department of Health Services' recommendation for a huge retroactive cut in initial Physician Services Indigent Care Reimbursement Program payments, better known as "PSIP." But I will also move to perform a complete and thorough PSIP policy and operations review and to promote the creation of relevant legislative initiatives.

PSIP was authorized and principally funded by a series of State laws dating back to the mid-1980's. Among other things they required a separate dedicated fund and prescribed program rules to pay doctors for certain emergency-related services to indigent patients treated in non-County hospitals. Small counties could ask the State to administer the program. Large counties could not. In Los Angeles County, this worked well until the turn of the century. PSIP paid doctors the maximum allowed, 34% of the

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County fee schedule. This was more than Medi-Cal, yet there was money left over. A $12 million reserve accumulated. But the trend reversed and the reserve was eaten up. To balance spending to income, the initial reimbursement rate was reduced to 29% of the fee schedule in 2006 and to 27% in 2009.

Now the third reduction, down to 18%, is before us. It was caused by the State's $8.8 million FY 2009-10 cut – 30% of the total program - and by continued claims volume growth. According to the Department, 18% of the County fee schedule will be less than half of what Medi-Cal would pay. Based on the Department's forecast of $17.6 million program funding for more than 350,000 claims, available funding per claim will be less than $50.

Financing at that level to pay doctors for 24-7 life-saving emergency care is an insult to the doctors and a further threat to the already-fraying hospital emergency care safety net upon which we all depend. I will move approval only because the alternative is even worse - no payment at all. The Department has frozen payments, pending the Board's decision, for services rendered since last July 1st. That is totally unacceptable. But no other option is available at this time.

Some affected doctors have called for immediate release of PSIP funds. I agree. They have waited long enough. Let us act today to get them paid at least something as quickly as is possible. Let us also make sure that the PSIP program and its

management do not lose their bearings in turbulent times, but instead increase their focus upon the pursuit of the following policy goals:

- Pay physicians promptly. accurately and fairly
- Pay efficiently
- Maintain transparency in policy-making and management.
- Above all, preserve and protect the emergency care safety net.

PSIP needs a top-to-bottom review in each of these areas. Of my many questions and concerns, here are the most pressing:

- Pay promptly - Consistent with the County's general policy of paying vendors promptly, what can be done to avoid payment freezes while the Department recalculates the PSIP rate? What options are available to promote prompt payment?
- Pay Fairly - Aren't PSIP payments inherently unfair with payments being less than $50 per claim? Short of increased funding, what avenues are available to address that dilemma? What changes to existing law, if any, are necessary to pursue those avenues?
- Pay Efficiently - As the payment per claim plummets, PSIP still continues to require process-intensive itemized claims. What does it cost doctors to generate those claims? What does it cost PSIP to process and manage them? Percentage-wise how do these administrative costs compare with the amount doctors are paid? Are simpler, less costly payment methods available? Does current law permit their use?

- Transparency – How can we improve the affected public's understanding of PSIP and increase their opportunity for input? How clear and available to the Board and public are PSIP's management reports? What should be done to better coordinate or integrate the separate PSIP advisory functions of the Physician Reimbursement Advisory Committee (PRAC) and the Los Angeles County Emergency Medical Services Commission?
- Protect the emergency care safety net - Until funding improves, what is the best course to preserve our safety net? Should we pay all claims from eligible physicians or target these funds to the most vulnerable parts of the system-- as has already been done for trauma and for St. Francis Medical Center? Where are the other points of greatest potential system vulnerability? How can they best be mitigated with available funding?

I, THEREFORE, MOVE THAT THE BOARD OF SUPERVISORS:

1. Approve the Department of Health Services' recommendations; instruct the Interim Director of Health Services to rapidly pay the backlog of frozen claims; and to report progress weekly until the backlog is gone.

2. Instruct the Auditor-Controller, in consultation with affected department heads, County Counsel, the Emergency Medical Services Commission, the County's Hospitals and Health Care Delivery Commission, and the Physician Reimbursement Advisory Body, to conduct a policy and operational review of PSIP. This should include but not be limited to the questions and issues specified in this motion; it should also give first priority to the matter of avoiding future payment freezes and to submit a progress report to the Board in 90 days.

3. Instruct the CEO to include the following as high-priority State legislative initiatives to be pursued in concert with other affected counties: a) obtain full State restoration or replacement of the Emergency Medical Services Appropriation (EMSA) and other prior PSIP funding cuts over time as California's economy and fiscal outlook improve; b) secure waiver of statutory requirements governing PSIP in order to permit greater flexibility for counties in administering PSIP until such time as restoration of State funding is sufficient to pay all claims at the original targeted level of 34% of the County Fee Schedule.

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